

Army Programs

The Cost and Economic Analysis Program

Headquarters
Department of the Army
Washington, DC
31 January 1995

Unclassified

SUMMARY of CHANGE

AR 11-18

The Cost and Economic Analysis Program

This revision--

- o Reflects the impact of the DoD 5000 series on Army cost/economic analysis policy and responsibilities (throughout).
- o Incorporates oversight of the Army Cost Review Board (para 4a).
- o Moves Army procedural guidance to the Department of the Army Cost Analysis and Economic Analysis Manuals (para 4a).

Effective 28 February 1995

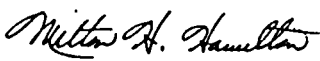
Army Programs

The Cost and Economic Analysis Program

By Order of the Secretary of the Army:

GORDON R. SULLIVAN
General, United States Army
Chief of Staff

Official:


MILTON H. HAMILTON
Administrative Assistant to the
Secretary of the Army

History. This UPDATE printing publishes a revision of this publication. Because the publication has been extensively revised, the changed portions have not been highlighted.

Summary. This regulation establishes responsibilities and policy for the Army's Cost and Economic Analysis Program.

Applicability. This regulation applies to the Active Army, the Army National Guard, and

the U.S. Army Reserve. It specifically applies to all Army activities performing cost or economic analyses.

Proponent and exception authority. The proponent of this regulation is the Assistant Secretary of the Army (Financial Management and Comptroller). The Assistant Secretary of the Army (Financial Management and Comptroller) has the authority to approve exceptions to this regulation that are consistent with controlling law and regulation. The Assistant Secretary of the Army (Financial Management and Comptroller) may delegate this approval authority, in writing, to a division chief under his or her supervision within the proponent agency who holds the grade of colonel or the civilian equivalent (GS-14 or GS-15).

Army management control process. This regulation contains management control provisions, but does not identify key management controls that must be evaluated.

Supplementation. Supplementation of this regulation and establishment of command and local forms are prohibited without prior

approval from HQDA (SAFM-CA), WASH DC 20310-0130.

Interim changes. Interim changes to this regulation are not official unless authenticated by Administrative Assistant to the Secretary of the Army. Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 directly to HQDA (SAFM-CA), WASH DC 20310-0130.

Distribution. Distribution of this publication is made in accordance with the requirements on DA Form 12-09-E, block number 3093, intended for command levels C, D, and E for the Active Army, C for the Army National Guard, and C for the U.S. Army Reserve.

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Glossary

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*This revision supersedes AR 11-18, 7 May 1990.

RESERVED

1. Purpose

This regulation establishes responsibilities and policy for the Army's Cost and Economic Analysis Program.

2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

3. Explanations of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

4. Responsibilities

a. The Assistant Secretary of the Army (Financial Management and Comptroller) will provide policy for and oversee the following activities: all Army cost and economic analysis activities; the Cost Analysis Career Field education, training, and referral; the program office estimates/economic analyses/component cost analyses processes; the Army Cost Review Board; and the U.S. Army Cost and Economic Analysis Center. The Assistant Secretary of the Army (Financial Management and Comptroller) will also approve the Army cost positions; represent the Army Acquisition Executive in the acquisition process on all cost and economic analysis related matters; provide policy on implementing contractor cost data reporting; and publish manuals (e.g., the Department of the Army Cost Analysis and Economic Analysis Manuals) that provide frameworks and procedures to implement Department of Defense and Army policies including DoDD 5000.1, DoDD 5000.4, DoDD 8120.1, DoDI 5000.2, DoDI 7041.3, DoDI 8120.2, DoD 5000.2-M, and DoD 5000.4-M.

b. Headquarters, Department of the Army principal officials will provide program and cost data such as system descriptions, requirements, plans, schedules, and funding data (e.g., the Cost Analysis Requirements Descriptions); serve as functional proponents for program areas involving the use of economic analyses in decision-making, resource allocation, and support of the Planning, Programming, Budgeting, and Execution System; review cost and economic analyses or other cost comparisons to ensure completeness, suitability, and balance against Army program requirements and objectives; coordinate all cost and economic analysis related matters with Office of the Assistant Secretary of the Army (Financial Management and Comptroller); and provide members to study advisory groups, cost review boards, or other cost/economic analyses related groups.

c. Program Executive Officers and Program Managers will provide program and cost data such as system descriptions, requirements, plans, schedules, funding, and contract data (e.g., Cost Performance Reports); provide validated cost and economic analyses and other cost comparisons to support the acquisition and Planning, Programming, Budgeting, and Execution System processes; conduct in-process reviews to ensure coordination of program requirements and consistency of cost estimating for the program office estimates; coordinate cost and economic analyses with supporting major command cost analysis activities for validation; implement contractor cost data reporting; coordinate all cost and economic analysis related matters with Office of the Assistant Secretary of the Army (Financial Management and Comptroller); and provide members to study advisory groups, cost review boards, or other cost/economic analyses related groups.

d. Major commands, field operating agencies, and direct reporting units will establish and maintain cost and economic analysis expertise sufficient to support the acquisition and resource allocation processes within their command and supported elements; review and validate cost and economic analyses or other cost comparisons for currency, reasonableness, completeness, and compliance with Department of Defense and Army guidance; implement contractor cost data reporting; collect, analyze, store, and distribute program and cost data; and provide members to study advisory groups, cost review boards, or other cost/economic analyses related groups.

e. The U.S. Army Cost and Economic Analysis Center will implement the Army's Cost and Economic Analysis Program; administer the Office of the Secretary of Defense Cost Analysis Improvement Group process for the Army; prepare Army component cost analyses and independent cost analyses; develop cost models, data bases, and planning factors; review selected cost and economic analyses or other cost comparisons (subordinate offices also provide comprehensive reviews, e.g., the Corps of Engineers for military construction); publish a cost estimating calendar; administer the contractor cost data reporting and Visibility and Management of Operating and Support Cost Program processes; manage a cost research program; and provide members to study advisory groups, cost review boards, or other cost/economic analyses related groups.

5. Policy

a. The Army is committed to supporting the Planning, Programming, Budgeting, and Execution System (AR 1-1) and the system acquisition processes within the Department of Defense. The keys to an executable Planning, Programming, Budgeting, and Execution System and properly funded acquisition programs are professionally prepared cost and economic analyses.

b. The Army will—

(1) Provide timely and sufficient cost and economic analyses to support the effective allocation and management of resources for Army programs, materiel systems, automated information systems, facility acquisitions, installation services, capital budget investments, production base support, construction projects, forces, and activities.

(2) Develop and maintain cost and economic analyses as effective and efficient tools for decision-making, including those required in the system acquisition and resource allocation processes, such as program office estimates, economic analyses, component cost analyses, and Army cost positions.

(3) Develop, maintain, and apply cost models, data bases, and planning factors supporting Army decision-making.

(4) Validate cost and economic analyses and other cost comparisons to ensure their currency, reasonableness, and completeness for use in decision-making or the Planning, Programming, Budgeting, and Execution System.

(5) Implement the contractor cost data reporting requirements.

(6) Oversee the professional career development of analysts in the Cost Analysis Career Field.

Appendix A References

Section I Required Publications

(All are cited in paragraph 4a except for AR 1-1.)

AR 1-1

PPBES within Department of the Army (Cited in para 5a.)

DA Cost Analysis Manual

DA Economic Analysis Manual

DoDD 5000.1

Defense Acquisition.

DoDD 5000.4

OSD Cost Analysis Improvement Group (CAIG).

DoDD 8120.1

Life Cycle Management of Automated Information Systems.

DoDI 5000.2

Defense Acquisition Management Policies and Procedures.

DoDI 7041.3

Economic Analysis and Program Evaluation for Resource Management.

DoDI 8120.2

Automated Information Systems Life Cycle Management Process, Review, and Milestone Approval Procedures.

DoD 5000.2-M

Defense Acquisition Management Documentation and Reports.

DoD 5000.4-M

DOD Cost Analysis Guidance and Procedures.

Section II Related Publications

This section contains no entries.

Section III Prescribed Forms

This section contains no entries.

Section IV Referenced Forms

This section contains no entries.

Glossary

Section I Abbreviations

This section contains no entries.

Section II Terms

This section contains no entries.

Section III Special Abbreviations and Terms

This section contains no entries.

Index

This index is organized alphabetically by topic and by subtopic within topic. Topics and subtopics are identified by paragraph number.

This section contains no entries.

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